

**CONCERNING BUDGET REFORM, AND, IN CONNECTION  
THEREWITH, PROVIDING FOR THE CREATION OF  
THE COLORADO RAINY DAY FUND**

**Ballot Initiative:**

Be it Enacted by the People of the State of Colorado:

Article X of the constitution of the state of Colorado is amended BY THE ADDITION OF A NEW SECTION to read:

**SECTION 21. Colorado Rainy Day Fund.**

- (1) **Colorado Rainy Day Fund Created.** ON JANUARY 1, 2005, THE STATE OF COLORADO SHALL BE REQUIRED TO CREATE A RESERVE FUND KNOWN AS THE COLORADO RAINY DAY FUND.
- (2) **Funding from General Fund TABOR revenues.** EFFECTIVE JULY 1, 2005, AND BEGINNING IN FY 2005-06, THE STATE SHALL BE REQUIRED TO DEPOSIT AN AMOUNT EQUAL TO 1% OF GENERAL FUND APPROPRIATIONS FROM THE PRIOR FISCAL YEAR INTO THE COLORADO RAINY DAY FUND.
- (3) **Funding from Amendment 23 increases.** STARTING IN FY 2005-06, AND THEREAFTER, THE STATE SHALL BE REQUIRED TO DEPOSIT AN AMOUNT EQUAL TO THE 1% INCREASE FOR K-12 SPENDING SCHEDULED UNDER AMENDMENT 23 INTO THE COLORADO RAINY DAY FUND, WHICH WILL RESULT IN A COMMENSURATE DECREASE IN THE AMENDMENT 23 REQUIREMENTS BY THE SAME AMOUNT.
- (4) **Funding from Amendment 23 increases.** STARTING IN FY 2006-07, AND THEREAFTER, THE STATE SHALL BE REQUIRED TO DEPOSIT AN AMOUNT EQUAL TO THE 1% INCREASE FOR K-12 SPENDING SCHEDULED UNDER AMENDMENT 23 INTO THE COLORADO RAINY DAY FUND, WHICH WILL RESULT IN A COMMENSURATE DECREASE IN THE AMENDMENT 23 REQUIREMENTS BY THE SAME AMOUNT.
- (5) **Allocations to repair structural budget deficit.** SURPLUS REVENUE IN FY 2005-06 AND FY 2006-07 MAY BE USED, VIA THE COLORADO RAINY DAY FUND, TO BALANCE THE BUDGET IN FY 2005-06 AND FY 2006-07. THE COLORADO RAINY DAY FUND WILL TAKE THE SURPLUS FROM FY 2005-06 AND FY 2006-07, AND THE GENERAL ASSEMBLY MAY ACCESS THE COLORADO RAINY DAY FUND TO BALANCE THE BUDGET, AS NECESSARY, IN FY 2005-06 AND FY 2006-07.
- (6) **Repayment of any borrowed surplus revenue.** STARTING IN FY 2007-08, AND EACH YEAR THEREAFTER, AS NECESSARY, AN ADDITIONAL AMOUNT EQUAL TO 1% OF GENERAL FUND APPROPRIATIONS FROM THE PRIOR FISCAL YEAR SHALL BE TAKEN OUT OF THE COLORADO RAINY DAY FUND TO REPAY ANY SURPLUS

BORROWED IN FY 2005-06 AND FY 2006-07, UNTIL SUCH BORROWED AMOUNTS ARE FULLY REPAID.

- (7) **Interest payable on borrowed surplus revenue.** STARTING IN FY 2005-06, SURPLUS REVENUE USED TO BALANCE THE BUDGET WILL CARRY AN INTEREST RATE ANNUALLY ADJUSTED TO THE TABOR INFLATION RATE.
- (8) **Suspension of Repayment to Taxpayers.** WHEN TABOR REVENUES FALL BELOW THE TABOR REVENUE LIMIT, THE REPAYMENT TO THE TAXPAYERS FOR THE BORROWED SURPLUS IS TEMPORARILY SUSPENDED UNTIL TABOR REVENUES REACH THE TABOR REVENUE LIMIT.
- (9) **Spending limit adjustment.** WHEN THE RATE OF INFLATION EXCEEDS 6%, THE STATUTORY SPENDING LIMIT SHALL BE EQUAL TO THE TABOR REVENUE LIMIT.
- (10) **Conditions to Access the Colorado Rainy Day Fund.** STARTING IN FY 2007-08, THE GENERAL ASSEMBLY MAY ACCESS THE COLORADO RAINY DAY FUND WHENEVER TABOR REVENUES FALL BELOW THE TABOR REVENUE LIMIT. THE COLORADO RAINY DAY FUND MAY BE ACCESSED TO BRING TABOR REVENUES UP TO THE TABOR REVENUE LIMIT.
- (11) **Other Appropriations by the General Assembly.** THE GENERAL ASSEMBLY MAY APPROPRIATE ADDITIONAL FUNDS INTO THE COLORADO RAINY DAY FUND AT ANY TIME.
- (12) **Limitation of total funds in Colorado Rainy Day Fund and allocation of excess funds.** THE COLORADO RAINY DAY FUND SHALL BE CAPPED AT 15% OF THE PRIOR YEAR'S GENERAL FUND APPROPRIATIONS. ONCE THE COLORADO RAINY DAY FUND HAS REACHED ITS 15% CAP, ANY EXCESS FUNDS SHALL FLOW TO THE PERMANENT SCHOOL FUND.
- (13) **Recognition for TABOR purposes.** ALL RESOURCES COMING OUT OF THE COLORADO RAINY DAY FUND, WHEN SUCH FUNDS ARE USED FOR PURPOSES OF BUDGET STABILIZATION, SHALL ALWAYS BE COUNTED AS TABOR REVENUE AND WILL CAUSE A READJUSTMENT IN THE TABOR BASE. ALL RESOURCES GOING FROM THE COLORADO RAINY DAY FUND TO THE PERMANENT SCHOOL FUND SHALL BE TABOR EXEMPT.
- (14) **Protection of cash funds.** CASH FUNDS MAY BE UTILIZED FOR BUDGET STABILIZATION ONLY VIA THE COLORADO RAINY DAY FUND, AND ANY SUCH BORROWED CASH FUNDS SHALL BE REPAID WITH INTEREST, AS SPECIFIED BY THE STATE TREASURER.

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